

Chapter 5

A Management System to Support the EM Program



To support the conceptual goals of accelerated cleanup and cost savings presented in *Paths to Closure*, the Office of Environmental Management (EM) has developed a new management system that consolidates planning, budgeting, and management functions. The new system, the Integrated Planning, Accountability, and Budgeting System (IPABS), makes a series of fundamental changes and improvements in EM's business processes. For the first time, EM will use a single framework for all its activities, linking planning, performance measurement, and the budget formulation and execution processes. This chapter presents the major components and processes of IPABS, which will support implementation of EM cleanup program:

- Baseline Management
- Program Management Tools
- Performance Measurement
- Budget Formulation
- Management Initiatives
- Program Evaluation

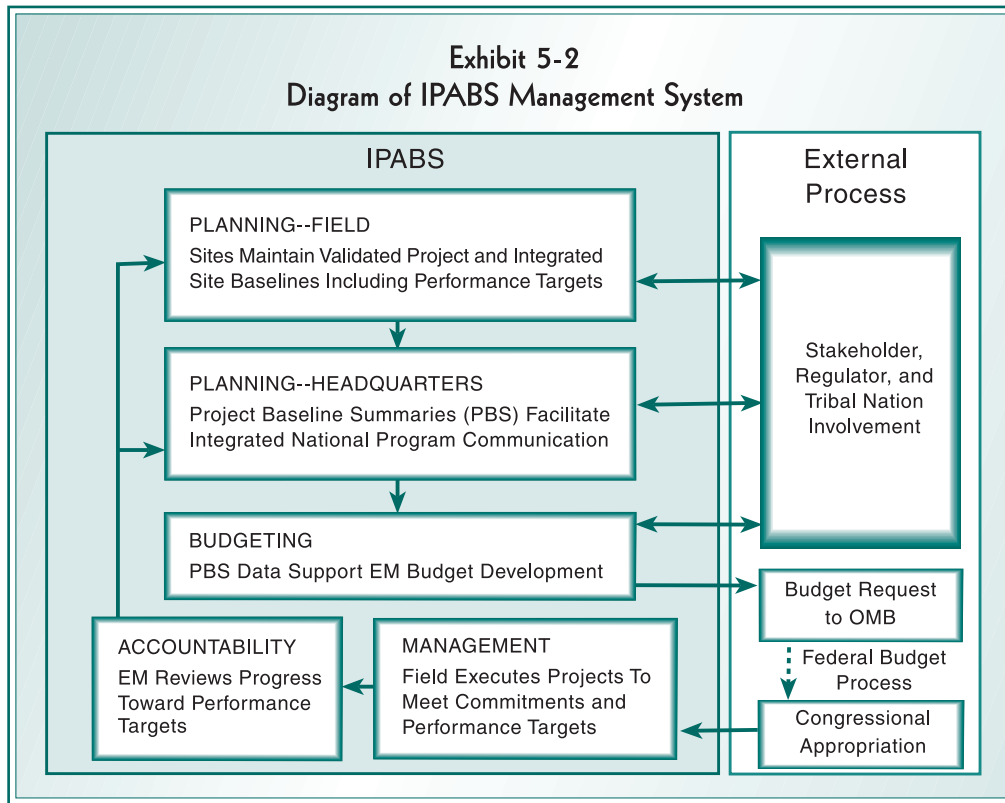
Exhibit 5-1 below presents a side-by-side comparison of the most significant changes in the EM program management system. The sections that follow

Exhibit 5-1
Fundamental Changes in EM Management Through IPABS

Former Process	IPABS Process
Activity-based	Project-based
Multiple database systems	One integrated set of corporate data
Multiple large data calls each year	Single large annual data call (with smaller updates as necessary)
Three year budget focus	Life-cycle focus integrated with three-year budget window
Overlap between Headquarters and Field management roles	Field focus on project management. Headquarters focus on policy, planning, integration, high-visibility projects, and programmatic risk mitigation

present more detailed discussions of IPABS advancements in each of the areas described above.

EM developed the changes and improvements in the management system in the context of the cleanup program. Consequently, EM considered the implications of each change on all aspects of its business processes. The final IPABS vision represents an integrated process, resulting in improved efficiency. Exhibit 5-2 presents a summary view of the IPABS process.



5.1 Baseline Management

A key element of IPABS is the baseline management framework that organizes the scope, schedule, and cost of all future cleanup activities into discrete projects. Historically, during the nuclear weapons development and production phase, sites used level-of-effort management approaches. In contrast, site baselines, built from individual project baselines, are the foundation for *Paths to Closure*. The focus on projects will enable more effective Field management, resulting in greater cost savings and accelerated completion. In addition, EM has established a change management process to track changes to the project structure and to maintain a consistent focus on achieving enhanced performance goals.

5.1.1 Integrated Site Baselines

The overall EM management strategy begins with the development of site baselines. Sites are responsible for developing detailed project baselines for all field projects, consisting of activities conducted in the EM program (e.g., environmental restoration, waste management, infrastructure, and long-term surveillance and monitoring). Each project must have a defined scope that guides managers in implementing each step of the cleanup. In addition, each project includes a quantitative expression of the engineering approach (i.e., scope, technical approach, schedule, cost requirements, and uncertainties) against which the status of resources and the progress of the project can be measured. All EM projects at a site comprise the integrated site baseline. Site baselines span the life cycle of all projects at the site and present a clear definition of overall cleanup requirements, individual cleanup milestones, critical interactions between projects, and costs over time.

5.1.2 Baseline Validation and Change Control

Once a site develops its integrated baseline, it is responsible for validating and maintaining it to reflect the most current state of planning at the site. The objective of baseline validation is to ensure that the baseline is defensible relative to scope, schedule, and cost. A credible and independent validation of each site's baseline is an expectation of Congress, the Office of Management and Budget (OMB), local stakeholders, and Tribal Nations.

A site must also reflect any changes to its planning baseline in its integrated baseline. EM has developed the outline for a disciplined change control process to manage and document changes to site baselines. A detailed process is under development. The process addresses three types of change that represent different levels of impact to the EM program (see Exhibit 5-3). Depending upon the type of change, different change control procedures are required. This tiered approach allows the sites freedom to manage their baselines efficiently, while enabling Headquarters to review changes that affect the entire program.

Exhibit 5-3

Levels of Change in EM Baseline Change Control Process

Change Type	Description	Requires HQ Approval
1 EM Policy Decisions	Policy decisions affecting the entire EM program or multiple sites	Yes
2 Major Baseline Adjustments	Changes to project end states, end dates, milestones on high-visibility projects, and changes that affect multiple sites	Yes
3 Limited Baseline Adjustments	Limited changes affecting a single project's or site's scope, cost, or schedule	No

5.1.3 Relationship of Baseline Changes to the Annual Paths to Closure Report and DOE's Annual Financial Statement

The EM program expects sites to change their baselines as necessary to reflect the most current state of planning as discussed in the previous section. Although site baselines will change as necessary, the Environmental Management program plans to publish updates to *Paths to Closure* each year. In addition, the Department publishes an annual financial statement in March reflecting its financial status as of the end of the fiscal year ending the previous September. This section discusses how EM plans to manage the relationship between continuously changing site baselines, annual *Paths to Closure* updates, and annual Department financial statements.

The relationship between changing site baselines and annual *Paths to Closure* updates is relatively straightforward. Sites should make changes to baselines as necessary, independent of *Paths to Closure* updates. Each year, sites will be asked to review and revise their baselines as part of the annual *Paths to Closure* update.

The relationship between changing site baselines, *Paths to Closure* updates, and the Department's annual financial statement is more complex. The complexity arises because sites may change baselines in between publication of the annual *Paths to Closure* update and the end of the fiscal year in September. Thus the Department's financial statement, which should reflect the Department's financial status as accurately as possible as of the end of the fiscal year may not agree with the published *Paths to Closure* update for that year.

The decision rule for incorporating baseline changes made after publication of the annual *Paths to Closure* update into the financial statement will focus on whether or not sites have formally approved baseline changes. Formally approved changes as of September 30 will be incorporated into the Department's financial statement. Changes not formally approved will be evaluated for possible incorporation into the Department's financial statement. For sites with formal change control systems, formally approved means that the change has been approved under the system. For sites with no system, formally approved means that site senior management has approved the change. Exhibit 5-4 illustrates how annual *Paths to Closure* report costs will be modified to accommodate annual financial statement needs.